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UNCLAS SANTIAGO 000334

STATE PLEASE PASS TO USTR KATE DUCKWORTH  
STATE PLEASE PASS TO FEDERAL RESERVE TOM CONNORS  
TREASURY FOR SSENICH  
COMMERCE FOR KMANN

SENSITIVE  
SIPDIS

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SUBJECT: ECONOMY MINISTER LAVADOS DISCUSSES AMERICAS  
COMPETITIVENESS FORUM AND IPR CONCERNS WITH AMBASSADOR

¶1. (SBU) SUMMARY: In a meeting with Economy Minister Hugo Lavados, the Ambassador praised Chile's ongoing preparations to host the Americas Competitiveness Forum (ACF) in late September and discussed continuing IPR concerns. Minister Lavados indicated he very much wants Commerce Secretary Locke to participate in the ACF, which he noted is particularly timely and relevant given the global economic crisis. Lavados also highlighted Chile's progress in meeting its IPR commitments, notably the creation of the National Institute of Industrial Property (INAPI) as the lead agency responsible for promoting intellectual/industrial property rights protection. END SUMMARY.

#### Chile To Host Americas Competitiveness Forum

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¶2. (SBU) Minister Lavados told the Ambassador on March 24 that he had sent a letter to Commerce Secretary Gary Locke inviting him to participate in the Third Annual Americas Competitiveness Forum (ACF), which Chile will host in Santiago on September 27-29. The Minister welcomed the opportunity to bring together public and private sector authorities including political leaders, academics, and experts from throughout the hemisphere to exchange views on how to improve competitiveness among our countries. The challenges from the current global economic crisis make this ACF particularly relevant and timely, he said. Minister Lavados mentioned that Wal-Mart, Delta Airlines, and Merck, among others, have already offered to help with the event. He also appreciated the involvement of the U.S. Embassy and its Commercial Service in preparations for the Forum and the coordination to ensure the participation of Commerce Secretary Locke.

¶3. (SBU) The Ambassador praised Chile's organization and advanced preparations for the ACF, and he offered his support in contacting the AmChams in Chile, Argentina, and Brazil to promote the Forum and encourage an active participation by important business leaders from the Southern Cone. The Ambassador expects that the Santiago ACF will help increase cooperation and the exchange of timely information among business, political, and economic leaders on the successful measures to address challenges imposed by the economic crisis.

¶4. (SBU) Minister Lavados indicated he plans to allocate time at the ACF for discussion of different mechanisms and policies in the hemisphere to protect labor and those in need, including support for small- and medium-sized enterprises (SMEs). He noted SMEs provide over 27 percent of employment in Latin America, but they are not highly competitive and their level of productivity has declined considerably during the past 12 months.

## INAPI: A New Institution to Address IPR Concerns

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¶5. (SBU) The Ambassador then briefed Minister Lavados on continuing IPR concerns with Chile, identifying four priority areas: anti-piracy and counterfeiting, data protection and patent linkage, copyrights/trademarks, and legislation. The Ambassador welcomed Chile's progress in several areas, such the creation of INAPI, the approval of the Patent Cooperation Treaty (PCT), and the establishment of a specialized police unit (BRIDEPI) to identify IPR violations and enforce the law. He noted, however, that IPR-related legislation -- international and FTA commitments -- has been pending in Congress for some time.

¶6. (SBU) Minister Lavados committed to closely monitor the IPR agenda and Chile's IPR commitments, especially in those areas under his jurisdiction. He added that the creation of INAPI is a serious response by the GOC to improve the promotion and protection of IPR in Chile. He encouraged the Embassy to coordinate with INAPI on IPR issues. Cristobal Acevedo, the new INAPI Director who also attended the meeting, emphasized the main objective of INAPI is to actively promote the GOC's national innovation strategy by encouraging innovation and transfer of knowledge.

¶7. (SBU) Acevedo said INAPI essentially is a technical/legal entity responsible for the management of industrial property rights, and not a law enforcement agency. Acevedo expressed his agency's desire to help ensure Chile's compliance with all its international IPR commitments. He added that his agency would provide recommendations to the executive when necessary to improve Chile's IPR protection.

¶8. (SBU) The Ambassador welcomed this progress, and noted the importance of increasing protection in highly sensitive areas such as data protection and patent linkage, which largely affect the pharmaceutical industry. The Ambassador also expressed interest in

the copyright/trademark law currently under review by the Congress. Minister Lavados explained that both of these issues are not his direct responsibility and are under the purview of the Ministries of Health, Education, and Culture. Minister Lavados indicated he would learn more about these issues and raise our concerns with the appropriate GOC authorities.

## International Crisis Hits Economy Harder Than Expected

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¶9. (SBU) The Ambassador also asked Minister Lavados about his views of the current economic crisis and its impact on the Chilean economy. Minister Lavados explained that initially Chile's economic authorities tried to reassure an increasingly nervous population that the country's solid macroeconomic footing and conservative fiscal spending would protect it from the crisis. However, that position changed during the last quarters of 2008 and the GOC rapidly changed gears to focus on mitigating the effects of the crisis, particularly as consumer and business confidence fell and the economy slowed down. The Minister praised the GOC's counter-cyclical fiscal policy, which seeks to minimize the economic slowdown and rising unemployment through its US\$4 billion stimulus package. He indicated that the Ministry of Economy is working closely with the banking sector to ensure credit remains available to small- and medium-sized companies.

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